

**SPECIAL COMMITTEE ON RIVERFRONT ACTIVITIES  
AND BASEBALL**

**October 11, 2005**

**5:00 PM**

Chairman Lopez called the meeting to order.

The Clerk called the roll.

Present: Aldermen Lopez, Guinta, DeVries, Smith

Absent: Alderman Gatsas

Messrs.: R. Sherman

Chairman Lopez addressed Item 3 of the agenda:

Communication from Kevin Clougherty, Finance Officer, relative to release of letters of credit in accordance with Make Whole Agreements relating to the Riverfront Development project.

Randy Sherman, Deputy Finance Officer, stated when the City sold the land to the developers, each developer signed what is known as a Make-Whole Agreement. If you recall, the original plan that was put together for the baseball stadium had the taxes paying a portion of the debt. They had to get their property taxes or their assessed valuation up to a certain amount. When we actually sold the land, we carried that provision over to the purchase and sale and each developer signed a Make-Whole Agreement. What the Make-Whole Agreement said was that each one of them would be responsible for a certain portion of the assessed valuation. If the assessed valuation was not in place at the time that debt service payments would come due, each developer would pay the difference between their share of the debt service and their property taxes. As each development came on board...and in place what we had was a letter of credit from each developer to cover those payments. As part of the agreement, as each development came on board and then they were subject to the property taxes or got to a certain point of completion we would release their letters of credit because they no longer would be required. What you have in front of you are requests to release portions of the letters of credit. The hotel has met its 60% completion. As we all know, it should be actually open in February. We would be releasing 100% of their letter of credit at this time. We would also be releasing a portion of the letter of credit held by Manchester Downtown Visions. The letter of credit for the hotel actually came in

two parts. Part from the Moedels and part from MDB, which is why we would be releasing a portion of the letter of credit there. Then we have a sign-off from the Building Department that one section of townhouses has been completed and has met the requirements there for release and we would be releasing a portion of Mr. Chinburg's letter of credit as well.

Chairman Lopez asked what is a portion.

Mr. Sherman answered my understanding is 1/6 unit building for the Chinburg properties that we have signed off on has its roof and is weather tight.

Chairman Lopez stated regarding the Make-Whole Agreement I think we were going to release \$160,000.

Mr. Sherman responded it would be \$80,000. Originally Eric asked and stated that two of the buildings were complete but Building went down and certified only that one was complete so we would be releasing \$80,000.

Chairman Lopez asked and when he completes the second building you will release another 80%.

Mr. Sherman answered correct.

Alderman DeVries asked what are the total number of units that Mr. Chinburg was building in this portion of the project.

Mr. Sherman answered 45 units.

Alderman DeVries asked so how does that equate to releasing...if the second building had been complete he anticipated that he would have been at the 60% threshold.

Mr. Sherman answered it is roughly over \$13,000 per unit is what we are carrying for the letter of credit. Again, the way the Make-Whole Agreement is, we take the number of units over the total number of units times the...we have \$600,000 for the townhouses and \$500,000 for each of the towers in the letter of credit.

Alderman DeVries asked so he is saying that it is only those specific buildings that he is at the 60% threshold, not the entire project.

Mr. Sherman answered correct.

Alderman Guinta asked what is the dollar amount of the Manchester Downtown Visions that is associated with the hotel portion of the project.

Mr. Sherman answered it is \$370,000.

Alderman Guinta asked and all of that is being released.

Mr. Sherman answered no. They have a letter of credit for \$550,000. We are reducing it to \$180,000, which would cover just the retail portion.

Alderman Guinta asked so \$370,000 is being released leaving \$380,000.

Mr. Sherman answered no \$180,000.

Alderman Guinta asked and the \$180,000 represents retail.

Mr. Sherman answered correct.

Alderman Guinta asked as the retail portion of the project changed in terms of square footage did that reduce the retail portion of the LLC.

Mr. Sherman answered when we were negotiating these Make-Whole Agreements, each party agreed to what their portion of the assessed valuation would be and that is how we came up with the three separate amounts. So that was known at that point that that would be smaller.

Alderman Guinta asked so it was based on...what was the assessed value for the retail portion at that time.

Mr. Sherman answered I believe it was only \$2 million.

Alderman Guinta asked has that value changed. Since it was reduced to \$2 million, which was close to a year ago have things changes since then?

Mr. Sherman answered no not that I am aware of. Again when they sat down they had to come up with \$40 million. I believe that it was...Eric took \$30 million, the hotel took \$8 million and the retail took \$2 million. That was how they decided to divide up the letters of credit.

Alderman Guinta asked so we still have \$180,000 on retail...I guess my concern there is that there doesn't seem to be any movement on the retail portion of the project so is there anything in place to insure that if MDV folds that we have a provision in place.

Mr. Sherman answered no. The only issue is the Make-Whole Agreement. They would have to continue to make a payment equal to the difference between the taxes and what the debt service is.

Alderman Guinta asked which begin...

Mr. Sherman interjected it has already started.

Alderman Guinta asked and that is \$25,000.

Mr. Sherman answered they paid, I believe, \$25,000 back in May or June.

Alderman Guinta asked and it would be \$50,000 if I recollect.

Mr. Sherman answered yes.

Alderman Smith moved to authorize the Finance Officer to release letters of credit relating to the Riverfront Development project in accordance with the Make-Whole agreement as the project has reached the 60% completion level. Alderman DeVries duly seconded the motion. Chairman Lopez called for a vote. There being none opposed, the motion carried.

There being no further business, on motion of Alderman Smith, duly seconded by Alderman DeVries it was voted to adjourn.

A True Record. Attest.

Clerk of Committee